
FRENCH DEBT SETTLEMENT

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

COPY OF AN AGREEMENT DATED APRIL 29, 1926, EXECUTED BY THE SECRETARY OF THE TREASURY AS CHAIRMAN OF THE WORLD WAR FOREIGN DEBT COMMISSION, PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE FRENCH REPUBLIC TO THE UNITED STATES OF AMERICA

APRIL 29 (calendar day, APRIL 30), 1926.—Read; referred to the Committee on Finance, and ordered to be printed

To the Congress of the United States:

I am submitting herewith for the consideration of the Congress a copy of an agreement dated April 29, 1926, executed by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, providing for the settlement of the indebtedness of the French Republic to the United States of America. The agreement was approved by me on April 29, 1926, subject to the approval of Congress, pursuant to authority conferred by act approved February 9, 1922, as amended by act approved February 28, 1923, and as further amended by act approved January 21, 1925.

I believe that the settlement upon the terms set forth in the agreement is fair and just to both Governments and recommend its approval.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 30, 1926.*

AGREEMENT,

Made the 29th day of April, 1926, at the City of Washington, District of Columbia, between the French Republic, hereinafter called France, party of the first part, and the United States of America, hereinafter called the United States, party of the second part.

Whereas, France is indebted to the United States as of June 15, 1925, upon obligations in the aggregate principal amount of \$3,340,516,043.72, together with interest accrued and unpaid thereon; and

Whereas, France desires to fund said indebtedness to the United States, both principal and interest, through the issue of bonds to the United States, and the United States is prepared to accept bonds from France upon the terms hereinafter set forth;

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. *Amount of Indebtedness.*—The amount of indebtedness to be funded, after allowing for certain cash payments made or to be made by France is \$4,025,000,000, which has been computed as follows:

Principal of obligations held for cash advanced under Liberty Bond Acts.....	\$2, 933, 405, 070. 15	
Accrued and unpaid interest at 4¼% to December 15, 1922.....	445, 066, 027. 49	
		\$3, 378, 471, 097. 64
Principal of obligations given for surplus war supplies purchased on credit.....	407, 341, 145. 01	
Interest at 4¼% from the last interest-payment date prior to December 15, 1922, to December 15, 1922.....	6, 324, 940. 79	
		413, 666, 085. 80
Total indebtedness as of December 15, 1922.....		3, 792, 137, 183. 44
Accrued and unpaid interest at 3% per annum on this amount from December 15, 1922, to June 15, 1925.....		284, 410, 288. 75
Total indebtedness as of June 15, 1925.....		4, 076, 547, 472. 19
Credits:		
Payments received on account of interest between December 15, 1922, and June 15, 1925.....	\$50, 917, 643. 13	
Payments on account of principal since December 15, 1922.....	230, 171. 44	
Interest on principal payments at 3% per annum from date of payment to June 15, 1925.....	12, 970. 73	
		51, 160, 785. 30
Net indebtedness as of June 15, 1925.....		4, 025, 386, 686. 89
To be paid in cash upon execution of agreement.....		386, 686. 89
Total indebtedness to be funded into bonds.....		4, 025, 000, 000. 00

2. *Payment.*—In order to provide for the payment of the indebtedness thus to be funded France will issue to the United States at par bonds of France in the aggregate principal amount of \$4,025,000,000, dated June 15, 1925, and maturing serially on the several dates and in the amounts fixed in the following schedule:

June 15—		June 15—	
1926	\$30,000,000.00	1958	\$65,426,259.21
1927	30,000,000.00	1959	55,474,298.82
1928	32,500,000.00	1960	57,138,527.79
1929	32,500,000.00	1961	58,852,683.62
1930	35,000,000.00	1962	60,618,264.13
1931	1,350,000.00	1963	62,436,812.05
1932	11,363,500.00	1964	64,309,916.42
1933	21,477,135.00	1965	66,239,213.91
1934	36,691,906.35	1966	58,764,122.05
1935	42,058,825.41	1967	60,820,866.32
1936	52,479,413.67	1968	62,049,596.64
1937	63,004,207.80	1969	65,152,832.52
1938	68,634,249.88	1970	67,433,181.66
1939	74,320,592.38	1971	69,793,343.02
1940	80,063,798.30	1972	72,236,110.02
1941	51,728,872.58	1973	74,764,373.88
1942	57,763,450.02	1974	77,381,126.96
1943	58,918,719.03	1975	80,089,466.40
1944	60,097,093.41	1976	82,892,597.73
1945	61,299,035.28	1977	85,793,838.65
1946	62,525,015.98	1978	88,796,623.00
1947	63,775,516.30	1979	91,904,504.81
1948	65,051,026.63	1980	95,121,162.48
1949	66,352,047.16	1981	98,450,403.16
1950	67,679,088.10	1982	101,896,167.27
1951	55,040,837.33	1983	105,462,533.13
1952	56,416,858.27	1984	109,153,721.79
1953	57,827,279.71	1985	112,974,102.05
1954	59,272,061.71	1986	116,928,195.62
1955	60,754,785.76	1987	113,694,786.64
1956	62,273,655.40		
1957	63,830,496.79		
		Total	\$1,025,000,000.00

PROVIDED, HOWEVER, That France, at its option, upon not less than ninety days' advance notice to the United States, may postpone so much of any payment on account of principal and/or interest falling due in any one year as hereinabove provided after June 15, 1926, and prior to June 16, 1932, as shall be in excess of \$20,000,000 in any one year, to any subsequent June 15 or December 15 not more than three years distant from its due date, and upon like notice France, at its option, may postpone any payment on account of principal falling due as hereinafter provided after June 15, 1932, to any subsequent June 15 or December 15 not more than three years distant from its due date, but any such postponement shall be only on condition that in case France shall at any time exercise this option as to any payment of principal and/or interest, the payment falling due in the third succeeding year can not be postponed at all unless and until the payment of principal and/or interest due three years, two years and one year previous thereto shall actually have been made. All such postponed payments shall bear interest at the rate of 4¼% per annum payable semiannually.

3. *Form of Bond.*—All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, and shall be signed for France by its Ambassador at Washington, or by its other duly authorized representative. The bonds shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A," and shall be issued in 62 pieces with maturities and in denominations as hereinabove set forth and shall bear no interest until June 15, 1930, and

thereafter shall bear interest at the rate of 1% per annum from June 15, 1930, to June 15, 1940; at the rate of 2% per annum from June 15, 1940, to June 15, 1950; at the rate of 2½% per annum from June 15, 1950, to June 15, 1958; at the rate of 3% per annum from June 15, 1958, to June 15, 1965; and at the rate of 3½% per annum after June 15, 1965, all payable semiannually on June 15 and December 15 of each year.

4. *Method of Payment.*—All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of France, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by France on account of the principal or of interest on any bonds issued or to be issued hereunder and held by the United States, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in obligations of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

5. *Exemption from Taxation.*—The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of France or any political or local taxing authority within France, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in France, or (c) a corporation not organized under the laws of France.

6. *Payments before Maturity.*—France, at its option, on June 15 or December 15 of any year, upon not less than ninety days' advance notice to the United States, may make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by France at the time of the payment.

7. *Exchange for Marketable Obligations.*—France will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to principal and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange.

France will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within thirty days of the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim receipts for sale in France, will first offer them to France for purchase at par and accrued interest, if any, and France shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and held by the United States. France agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in France, or elsewhere, and that if requested by the Secretary of the Treasury of the United States, it will use its good offices to secure the listing of the bonds on such stock exchanges as the Secretary of the Treasury of the United States may specify.

8. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the delivery to the United States of the principal amount of bonds of France to be issued hereunder, together with satisfactory evidence of authority for the execution of this Agreement by the representative of France and for the execution of the bonds to be issued hereunder, the United States will cancel and surrender to France at the Treasury of the United States in Washington, the obligations of France held by the United States.

9. *Notices.*—Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States, shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Embassy of France at Washington or at the office of the Ministry of Finance at Paris; and any notice, request, or election from or by France shall be sufficient if delivered to the American Embassy at Paris or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. *Compliance with Legal Requirements.*—France represents and agrees that the execution and delivery of this Agreement have in all respects been duly authorized and that all acts, conditions, and legal formalities which should have been completed prior to the making of this Agreement have been completed as required by the laws of France and in conformity therewith.

11. *Counterparts.*—This Agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof France has caused this Agreement to be executed on its behalf by Hon. Henry Bérenger, its Ambassador Extraor-

dinary and Plenipotentiary at Washington, thereunto duly authorized, subject, however, to ratification in France, and the United States has likewise caused this Agreement to be executed on its behalf by the Secretary of the Treasury as Chairman of the World War Foreign Debt Commission, with the approval of the President, subject, however, to the approval of Congress, pursuant to the Act of Congress approved February 9, 1922, as amended by the Act of Congress approved February 28, 1923, and as further amended by the Act of Congress approved January 21, 1925, all on the day and the year first above written.

THE FRENCH REPUBLIC,
By HENRY BÉRENGER
THE UNITED STATES OF AMERICA,
(For the World War Foreign Debt Commission):
By ANDREW W. MELLON
Secretary of the Treasury and Chairman of the Commission.

Approved:

CALVIN COOLIDGE
- *President.*

EXHIBIT A.

(Form of Bond)

THE REPUBLIC OF FRANCE.

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No.

The Republic of France, hereinafter called France, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, 19 , the sum of Dollars (\$), and to pay interest upon said principal sum after June 15, 1930, at the rate of 1% per annum from June 15, 1930, to June 15, 1940, at the rate of 2% per annum from June 15, 1940, to June 15, 1950, at the rate of 2½% per annum from June 15, 1950, to June 15, 1958, at the rate of 3% per annum from June 15, 1958, to June 15, 1965, and at the rate of 3½% per annum after June 15, 1965, all payable semiannually on the 15th day of December and June in each year. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of France, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of France or any political or local taxing authority within France, whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in France, or (c) a corporation not organized under the laws of France. This bond is payable as to both principal and interest at the Treasury of the United States

in Washington, D. C., or at the option of the Secretary of the Treasury of the United States at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of paragraph 2 of an Agreement dated April 29, 1926, between France and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, France has caused this bond to be executed in its behalf by its Ambassador Extraordinary and Plenipotentiary at Washington, thereunto duly authorized, as of June 15, 1925.

THE FRENCH REPUBLIC:

By

Ambassador Extraordinary and Plenipotentiary.

